

# **LYNCHBURG REGIONAL AIRPORT**

## **COMMISSION MEMBER UPDATE**

Wednesday, November 20, 2013

### REPORT

#### **LYH AWARDED \$4.17 MILLION FAA GRANT**

Following months of uncertainty as to the availability of federal discretionary funds for FY 2013, I am pleased to report that in early October LYH was awarded a \$4,171,320 grant from the FAA for Phase 2 of our taxiway rehabilitation/relocation and apron expansion work associated with several safety improvements to the airfield. The federal Airport Improvement Program (AIP) is providing the grant funds, which represent 90 percent of the \$4,643,000 total cost for the project. The remaining balance needed for the project is being provided through Virginia Department of Aviation entitlement funds.

As you will recall, the Airfield Pavement Rehabilitation - Phase 2 project includes the construction of a new midfield connector taxiway, the reconstruction/realignment of several taxiways serving the corporate side of the airport, as well as further expansion of the recently completed new concrete apron that adjoins Freedom Aviation. I will provide a construction status update on the project at next Monday's Commission meeting.

#### **OCTOBER PASSENGER TRAFFIC RECORDS SLIGHT INCREASE**

Following four straight months of slight declines in airline passenger traffic at LYH, the airport finished October with an increase of .2 percent over last October. While the prior decreases tended to mirror industry-wide trends in domestic passenger traffic at many airports nationwide, at LYH our load factors have remained strong with airline ticket revenues continuing to experience growth. Overall, considering that our number of daily flights and seat capacity are nearly identical to what was offered last October, the fact that we continue to produce healthy loads and revenues certainly represents a positive trend relative to local air travel demand.

#### **U.S. CONTRACT TOWER ASSOCIATION TO MEET WITH FAA OFFICIALS**

With funding for the FAA's contract tower program continuing to be uncertain beyond the current January 15, 2014 end date under the short-term funding measure approved by Congress in early October to end the government shut down, the U.S. Contract Tower Association was finally successful in scheduling a meeting with top FAA officials to discuss options for identifying savings in order to avoid another potential wholesale closure of contract towers like those proposed last spring. Following a coordinated lobbying effort by members of the association to put pressure on FAA Administrator Huerta to discuss the issue, he responded by agreeing to have USCTA executive staff meet with Deputy Administrator Michael Whitaker and Acting Associate Administrator for Policy, Carl Burleson, on December 17, 2013.

I am hopeful that these discussions will be productive as it is clear there are numerous options to save sufficient money in this program without threatening to impose the draconian funding cuts that were proposed last time. In related news, I was also notified last month that I had been approved by the American Association of Airport Executives board of directors to serve on the policy board of the U.S. Contract Tower Association.

#### **ENVIRONMENTAL ASSESSMENT PROCESS BEGINS FOR NEW ATCT**

A kick-off meeting for the environmental assessment process, the next step in the construction of the airport's new air traffic control tower (ATCT), was held earlier this week with officials from the project's outside engineering firm, RS&H. This highly structured process will involve a thorough

environmental review of all three potential sites, and should take approximately eight to 10 months to complete and have approved by the FAA. I will provide a timeline and briefing of the various steps involved at next Monday's Commission meeting.

### **AIRPORT OPERATING REVENUES CONTINUE POSITIVE GROWTH**

In response to both a fourth rental car concession and last January's \$1 per day increase in daily terminal parking rates, I'm pleased to report that airport revenues continue to exceed budget projections, with FY 2014 shaping up to represent a banner year. As a result, the airport is expecting to continue recent trends to eliminate our operating budget deficit in the near-term, particularly as the airport reduces debt and the resulting debt service expense at the same time that revenues are increasing.

### **UPDATE TO CAMPBELL COUNTY AIRPORT SAFETY OVERLAY DISTRICT MOVES FORWARD**

As part of an overall update to the airport's airspace protection overlay zones, I have been working on revising the existing Airport Safety Overlay District that is part of a Campbell County zoning ordinance. In particular, with the approach end of Runway 4 being located in Campbell County along with that runway now extended by 1,301 feet, it was past due to have our approach surfaces updated to protect the new slope. Accordingly, with all proposed changes now submitted to the Campbell County Zoning Administrator, our request is scheduled to be reviewed by the Campbell County Planning Commission on December 2, 2013, followed by final approval of the full Campbell County Board of Supervisors on December 3, 2013. On a related note, a similar update is being undertaken in parallel with the City of Lynchburg since the approach end of Runway 22 is located in the City.

### **NEW CONCRETE RAMP FINALLY SET TO OPEN DECEMBER 1**

Following months of slow progress on LYH's new concrete ramp next to Freedom Aviation due to this past summer's weather and other construction snafus, the airport's new apron is now set to open on December 1, 2013. Designed to full-strength standards, the new ramp is intended to accommodate the full-spectrum of aircraft parking needs, from daily Liberty SOA training aircraft up to large, transport category narrow-body charters.

### **NEW AIRCRAFT PARKING FEES TO COINCIDE WITH RAMP OPENING**

As you will recall from last August's Commission meeting, the airport has developed a new aircraft parking and pricing plan to coincide with the opening of the new concrete apron. The proposed version that was provided to the Commission at that meeting has now been finalized based on input from Commission members as well as both FBOs operating at LYH. Accordingly, slight changes have been made to the original policy, including a waiver of the fee for single-engine aircraft if fuel is purchased, and the expansion of the policy to all public ramps at LYH in order to maintain consistency and to avoid confusion by transient customers.

If you have any questions regarding the upcoming Commission meeting, please feel free to give me a call at 455-6089, or by cell at 444-3363.

Respectfully yours,

***Mark F. Courtney***

Mark F. Courtney, A.A.E.  
Airport Director

**LYNCHBURG REGIONAL AIRPORT COMMISSION**  
**Monday, November 25, 2013**  
**4:00 p.m.**

**AGENDA FOR THE COMMISSION**

1. Call to Order

**CONSENT AGENDA**

2. August 26, 2013 Commission Meeting Minutes
3. Lynchburg Regional Airport November 2013 Air Service Update
4. October 2013 Passenger Traffic Report

**Consent Agenda Recommended Action:** Receive and File

**REGULAR AGENDA**

5. Report of the Airport Director
  - A. A report on the anticipated impact at LYH of the recent Department of Justice settlement with US Airways and American that allows the two airlines to merge.
  - B. A report regarding the October 2013 award of FAA grant funding for Phase 2 of the Airfield Rehabilitation Project and expected construction timeline.
  - C. An update with regards to the FAA's Contract Tower Program FY 2014 funding and briefing on the Environmental Assessment process for the new ATCT at LYH.
  - D. A report with regards to the various issues associated with updating LYH's Airport Safety Overlay District.
  - E. A summary report on the status of current airport property lease/franchise requests requiring City Council action.
6. A presentation by the Airport Director to review the airport's 2006 Master Plan Update and current six-year Airport Capital Improvement Plan.
7. Miscellaneous business
  - A. Inquiries and/or comments by Commission Members
8. Reports of airport businesses
9. Hearings of citizens upon Commission matters
10. Adjournment

**MINUTES OF  
THE  
LYNCHBURG REGIONAL AIRPORT COMMISSION MEETING  
August 26, 2013  
4:00 p.m.**

**PRESENT:**

Jones Stanley  
Robert Day  
Lynch Christian  
Stewart Hobbs  
Mike Davidson  
Don Brown  
Kimball Payne  
Bert Dodson  
Charles Nowlin

**ABSENT:**

**STAFF PRESENT:**

Mark Courtney, Airport Director  
Rick Stein, Deputy Airport Director  
Wes Campbell, Airport Finance Director

**(1) CALL TO ORDER:**

The meeting was called to order at 4:00 p.m.

**(2) APPROVAL OF August 26, 2013 CONSENT AGENDA**

Mr. Hobbs confirmed that everyone had received the items from the consent agenda; the June 17, 2013 Commission Meeting Minutes, the August 2013 Air Service Update and the July 2013 Passenger Traffic Report and asked if there were any questions, comments or changes regarding the consent agenda items.

Mr. Hobbs stated as there were no questions or comments, he was going to declare the Consent Agenda accepted as presented to receive and file.

Mr. Hobbs noted that Mrs. Marjette Upsher, Director of Economic Development for the City of Lynchburg was present and Mr. Courtney had said to place her at the top of the list.

Mrs. Upshur thanked the Commission for allowing her to address the Members. She stated that in 2012 the Lynchburg Economic Development Authority commissioned a strategic plan for the City of Lynchburg through Garner Economics, which is out of Atlanta. Ms. Upshur said she had worked closely with Mr. Mike Davidson, Economic Director of Campbell County. She said Mr. Garner came in and conducted some focus groups and from that he made recommendations. Since in the State of Virginia we have independent Cities that are not part of a County, Mr. Garner was really interested in identifying a transformational asset within the City. He was

encouraged by aeronautical opportunities because he believed the airport for Lynchburg and Campbell County is a transformational asset.

Among the things he recommended the City to explore constructing a 100,000 sq. ft. hangar for aircraft modification and repair because there was property available and Liberty could provide that workforce. He cited Dothan, Alabama as an example of a community that had built such a hangar.

She said one of Mr. Garner's other recommendations was to support an airline subsidy, which was a risk.

She said that she knew that Liberty and their school of aeronautics is interested in such a hangar. She said they wanted to work with Mr. Courtney and the Commission and Liberty to determine the next steps to take. She said that she and Mr. Davidson had gone to Elizabeth City, NC with Mr. Dave Young and looked at a hangar down there that was over 100,000 square feet. There is no commercial service, but the Coast Guard has an air presence there. She said the group for which the airport built the hangar actually has contracts with the Coast Guard. She said they did not have the workforce, and are working with Elizabeth State University to get programs in place.

Since we have the aeronautics school presence, Mr. Garner's recommendation was to build a big hangar, and then go out and identify the prospect.

She cited some of the weaknesses which include: some of the existing facilities are inadequate; it is a significant investment in facilities and infrastructure; and there is a marked learning curve. However, it is a significant resource investment for attraction and she and Mr. Davidson actually have generated leads from a group that they both subscribe, along with the Virginia Economic Development Partnership that's supposed to send referrals down to them. She said she would not call the leads qualified, as they did not even know the names of the people involved. She said hopefully we can start to move forward and talk about all of the assets we have and how we can rally the resources to utilize those assets.

Mr. Courtney said he would just like to add one thing with regard to the sites. He said when he appeared before the EDA previously he did show them several sites which were informally ranked as 1A, 1B and 2. He said the last Master Plan did identify the North GA Development Site, which is within reasonable cost considerations for development given its size and the way it is situated.

Mr. Hobbs asked if the water and sewer were already there. Mr. Courtney responded that water and sewer were not there, but were close by, and stated that it would have to be able to accommodate large transport category aircraft, which is already identified and approved in our Airport Layout Plan by the FAA. He said that there is a current environmental assessment on file from when Liberty was looking at that for a possible site for expansion for the School of Aeronautics.

Mr. Courtney stated that the secondary site over by the Air Commerce Park could be developed for an even larger site but pointed out that the terrain was very challenging and would require significant earthwork, and that utilities, roadways and roads that would be another challenge because of the fire training center and the shooting range.

Mr. Hobbs asked if we were talking about developing the sites to get ready to build on or building a building on the site and hoping somebody takes it. Mrs. Upshur said that although we could study it virtually, no building would occur unless there was somebody who was ready to commit. There was some discussion about what type of business a hangar would attract, and Mr. Courtney stated that it could serve as a modification and refurbishment center for large transport category aircraft, for example, 737s. Mr. Dave Young said they were already doing refurbishments at Freedom and there was some discussion about that.

It was asked what the initial reaction of City Council was to the report and this recommendation.

Mr. Payne responded that he really had not heard any response from them. He said the EDA had just started discussing it. Mr. Hobbs said from what he was hearing the only thing that we would be doing is some site preparation.

Mr. Courtney said he would like to back up just a little bit because we have had requests before from prospects looking for sites and invariably they always would like to have an improved site so that appears to be the key to be in the game. He said we would need to get the site improved, and build as much of the infrastructure as possible, certainly the ramp and all utilities and taxiway access. He said having said that, there is a long lead time for something like this especially if we would be using federal funding.

There was discussion about funding sources.

Mr. Brown said he would be interested to know if anyone had discussed airline subsidy.

Mrs. Upshur said that Mr. Garner suggested to the EDA that a subsidy could be \$4 Million per year, whereas the EDA was considering an annual subsidy of \$100,000. She said in his presentation, Mr. Garner gave the example of how Texas passed at the state level a 1% tax that each municipality can charge and that money is all used for economic development.

Mr. Courtney said to put that into perspective, US Airways alone, six flights a day, six in and six out, generates around \$37 Million a year in domestic and international ticket sales, so even \$4 Million would not get much of their attention when they have to generate \$37 Million to be viable in the market. He said that the term "subsidy" in airport management and in the airline industry implies an ongoing permanent financial payment. We usually use the terminology of "revenue guarantees" which is temporary in order to be able to prove the market and get it established and to help with startup and to share the risk.

Mr. Mike Davidson made a few comments. He said opportunities like Elizabeth City and the operation that they have down there had a built-in unique situation because of the Coast Guard. He said we have a built-in unique situation here because of Liberty School of Aeronautics, as they can graduate the AP mechanics that can fill those positions. He said we can go out tomorrow and find enough money to build a 25,000 square foot hangar and put somebody in it but if we want to be transformational, to make something significant, we have got to think bigger than that and we have got to look at what are the grand opportunities that may be out there from every source that might be available and how can we work this and what are the costs going to be.

He said he thought it would take two years to get the plans together. He said ten years ago studies were done on developing the joint industrial park and one of the sites has a very flat, level pad site that would take some work to get access to, as it has more than a fifty foot elevation difference. He felt we have a unique situation here and we needed to act as quickly as we can to figure out how to seize it.

Mr. Bert Dodson pointed out that is only a municipal airport run by a municipality. He said he knew that he and several others on this body would love to have an authority and mentioned that within the next few years the subsidy from the City would cease. He asked if being an authority would jeopardize what was being discussed.

Mr. Payne said actually he thought it would enhance it.

Mr. Davidson said there is already enabling legislation on the books to create a Region 2000 Regional but he said he could not remember the exact name of it. He said it gives that authority the same powers as an Economic Development Authority or an Industrial Development Authority which are not very much different than a Regional Airport Authority. He said there were a few things that EDAs and IDAs could do that Airport Authorities could not but the legislation was created and proved Region 2000 Airport Authority has all the

powers of an IDA so the 100 acres that the County has, the couple hundred acres that a number of years ago the FAA could be released because they would work better in a commercial park than they would for airside services because of topography issues.

Mr. Dodson said what he was saying was that they could do the ground work and hopefully in the future an authority could be created.

Mr. Hobbs said one thing that Mr. Dodson said that struck a little interest, and this is a local incentive program. He said Mr. Davidson said it requires FAA approval for everything and anything we want to do on the airport. He then asked if there was any money from the FAA that would go into that incentive program.

Mr. Courtney said all of our federal funding is based on our entitlement formula, which amounts to \$1,050,000 per year based on our passenger counts. It is all obligated for the next 4-5 years within our 6 year Airport Capital Improvement Plan (ACIP) so there is nothing that is available now. His sense was that the hangar project is not eligible for discretionary funds, as that is only for safety or capacity improvements. There followed an in depth discussion.

### **(3) REPORT OF THE AIRPORT DIRECTOR**

#### **A. An update on the status of the FAA's Contract Tower Program, a report with regards to federal funding options for contract towers in FY 2014, and an update on construction of a new ATCT at LYH**

Mr. Courtney said there was not a whole lot to update as far the Air Traffic Control Tower. He said again it does look as though the FAA is going to be targeting contract towers again in the event that there is not a federal budget passed. He said while there is funding specifically earmarked for the contract tower program in both the Senate and the House bills for the new DOT/FAA budget, the sentiment is that it is not going to be a budget passed because of the impasse. He said as result there is going to be another continuing resolution and hence the FAA is looking at \$697 Million in Fiscal Year 2014 in budget cuts as their target and the administrators included phasing out the funding for the contract towers, flight service stations, contract weather observers and who knows what else but again the contract towers are going to be on the line.

He said they are talking about possibly phasing out all 251 contract towers. He said we are almost back to where we were. He said Congressman Goodlatte's legislative aide that handles transportation in the Lynchburg District Office came to the airport along with one of his staffers two weeks ago. Mr. Courtney gave them a tour of the airport and he took them up in the tower, which they enjoyed.

He said he wanted to show the members the sites for the new Air Traffic Control Tower. He said obviously the prime site is identified in the Safety Management study report with all of the stakeholders. He said the one that is in the report is the final recommendation by the whole committee. He said the whole committee, including FAA folks and their consultants that are under contract, have signed off on the report so he did not think there would be any problem with moving forward. The site right beside the existing Air Traffic Control Tower parking lot is the preferred site.

Mr. Hobbs ask if we were still talking about moving forward with a tower and Mr. Courtney responded that we were. There followed a general discussion.

**B. An update regarding current airfield projects and FAA discretionary funding availability as related to Phase 2 of the Airfield Rehabilitation Project.**

Mr. Courtney reminded the members that the only reason it is Phase 2 is because last year we bid out the entire project including the air carrier ramp, taxiway Alpha and we did Charlie as well and then the mid-field ramp portion we have deferred until now. He said we bid the whole project and the bids came in high and we had to split the project up and we used our federal entitlement funds to the tune of \$3 Million for the air carrier ramp and taxiways.

He said this year it was repackaged. He said we went forward with building the initial infrastructure for a new concrete ramp which should be started this week. He said we did try to salvage that part of it and use State entitlement money only so we had to come up with the 20% airport funds for that.

We went out for bids for Phase 2 and bids were received July 10<sup>th</sup>. Just under \$4 Million was the low bid, and because the required 7400 tons of asphalt P41 FAA specified asphalt was too small an amount to bring in a portable plant, this limited competition. Templeton was the only concern that could not only supply the asphalt but conform to the quality standards of laying it. He went on to further detail and explain. A general discussion ensued.

**C. A report on the possible implications of the federal government's denial of the proposed merger of US Airways and American Airlines.**

Mr. Courtney said he had talked with US Airways planning folks a few week ago and they are actually very upbeat and they feel confident about their chances of being able to prevail in court. He said he thought it was clear that there were going to have to be some concessions on their part as far as divestitures of landing slots, probably at Washington National.

He said he thought the government was a little bit less upbeat as far as their chances of proceeding with the merger. He said the Department of Justice contact, the head of the antitrust division, said while it would still consider a concession package he was quoted as saying, "the degree of competitive overlap between US Airways and American leaves little option but to seek a full dismissal of the merger agreement." He said even if the airline can prove that its future is in jeopardy the objection could be lifted but he knows the two airlines are posting profits, record profits in some cases, and therefore it is going to be an interesting final outcome.

Mr. Jones Stanley said that was not quite right because American is in bankruptcy and US Airways is making big profits. He said the reason for the merger was to get American out of bankruptcy.

Mr. Don Brown said American has no money and Mr. Jones agreed saying they are losing money now.

Mr. Courtney said Mr. Bob Crandall, the former chairman of American, pointed out that it is changing horses in mid-stream to approve two other mega mergers and then deny this one, and that if you want to have competition you are going to have to have three competitors that are healthy and are comparable to one another in terms of market share. He said United and Delta have 29% and 28% market share by revenues respectively and US Airways just has 11% and American has 18% so you can see it is really important for those two to combine in order to be competitive with the other two. There ensued additional discussion.

**(4) Consideration of a request by Freedom Aviation to amend its Franchise Ordinance to remove current limitations on its retail fueling activities at LYH.**

Mr. Hobbs read the request and Mr. Jones Stanley informed the Chairman and Members that he worked for Freedom Aviation and said that he would like to recuse himself from the rest of the meeting.

Mr. Courtney said he thought that he would start by giving a little bit of the background just to remind the Commission of what came about when the original franchise ordinance and this provision that is being asked to be amended, originally came about.

Mr. Hobbs ask Mr. Courtney if before he did that he would tell the Members what the current status was of the FBO leases and the fuel farm lease.

Mr. Courtney said he wanted to start with that from the perspective of the original Falwell Aviation lease. He said Falwell Aviation began its formal tenancy at Lynchburg Regional Airport back in January 2004 and City Council approved an assignment of the lease from Aviation Technical Services, Britannia Aviation for the airline maintenance facility in Hangars #7 & #8 to Falwell Aviation whereas Falwell had previously been a sub-tenant of ATS. He said subsequent negotiations between Virginia Aviation and Falwell Aviation then culminated in a letter agreement between Falwell and Virginia Aviation that included certain limitations on Falwell's retail fueling rights, including a prohibition on airline fueling. A separate letter dated December 6, 2004 was then sent to him as airport director that outlined this separate agreement and its prohibition on Falwell selling fuel to the airlines.

He said that arrangement continued until January 2005 when a lease addendum was approved by City Council to allow Falwell to provide additional aeronautical services in order to operate as an FBO under the airport's newly adopted Minimum Standards. In allowing the additional services, the December 6, 2004 letter was again incorporated into that lease amendment. That letter survived yet again when negotiations between Falwell and the City for a five-year extension to Falwell's lease resulted in Council approval in April of 2007. He said the letter then carried over again when Falwell decided it wanted to build a new hangar, and they requested a twenty-year, six-month franchise agreement that was approved by City Council and made effective July 1, 2007.

He said at the time when these negotiations were going forward in 2007, Virginia Aviation had only one year remaining on its lease. He said the airport at that time had indicated that at the end of the second five-year lease (Virginia Aviation's five-year option) that the airport was considering taking over management and control of the fuel farm. He said that this culminated in the creation of a separate three-party agreement for the fuel farm whereby the two FBOs would share the management of the fuel farm. A new lease for Virginia Aviation was subsequently agreed to along with a separate fuel farm agreement, with the new lease and fuel farm agreement effective July 1, 2008 with five-year options that were up July 1, 2013.

Mr. Hobbs asked where the fuel farm was at this point.

Mr. Courtney responded that at this point we continue to work with our consultant that did the fuel farm analysis, and we have been investigating and researching the various fuel suppliers, of which a total of four had been contacted, including a couple of them at the Virginia Aviation Conference. The preference remains for the airport to take over management and control of the fuel farm on a wholesale level, but not take actual ownership of the fuel. He said he had talked with three of the fuel suppliers so far and all of them said they could make arrangements to have a contract with the two FBOs to actually purchase the fuel and sell so they would own the fuel, and we would manage the fuel farm.

Mr. Don Brown asked who managed the fuel farm now.

Mr. Courtney responded that Virginia Aviation currently managed the fuel farm.

Mr. Brown asked if there was a monetary benefit to that.

Mr. Courtney said the consultant's report proposed a fee of 7cents per gallon for managing the fuel farm. He said we shall see about that. There followed additional discussion.

Mr. Lynch Christian said, if he was hearing things right, it would increase the fuel prices on the field.

Mr. Courtney said it would certainly compensate us for the cost of managing the fuel farm but that was a cost that was incurred prior to in some way, shape or form. He went on to further detail and discuss the issue. Additional discussion ensued.

Mr. Kim Payne said he thought it would be fair to say that both FBOs have reluctantly agreed to this, each of them would rather run the fuel farm themselves but that is a difficult proposition for us to figure out.

Mr. Hobbs asked if it was the City's position and Mr. Payne replied that yes, it was. He said we almost did it five years ago and he thought it was the appropriate way forward now.

Mr. Courtney said actually it will not lock us in, if it turns out that it does not work then we can do something else; whereas, if we entered into a long-term agreement with a lease for the fuel farm we are locked in. There followed a general discussion.

Mr. Bert Dodson said he just had a few questions and then proceeded to ask if Freedom Aviation was non-profit or for-profit. It was replied that Freedom Aviation was a for-profit organization.

Mr. Hobbs asked where we went from there.

Mr. Courtney responded that this would be going to City Council the first or second meeting in October to consider the request by Freedom Aviation to amend its Franchise Ordinance to remove current limitations on its retail fueling activities at Lynchburg Regional Airport. He went on to further detail and explain. A general discussion ensued.

Mr. Lynch Christian said he wanted to make sure he understood -- and if he heard Mr. Courtney right -- he said that the agreement that restricts Freedom from selling to the airlines and the government was struck between Falwell and Virginia Aviation at one point in time by mutual negotiation, and then was incorporated into the City Franchise Agreement. He said so that was a negotiated deal that was endorsed by City Council, and at that point in time it was part and parcel of the new Virginia Aviation lease that had a five-year term and a five-year option.

Mr. Courtney said there was no restriction and no reference to that particular provision in the Virginia Aviation lease; it is only in the Franchise Agreement.

Mr. Lynch ask if that was not part of the process that took place at the same time.

Mr. Courtney said according to the original negotiation of the Franchise....

Mr. Hobbs said it is in the Franchise Agreement.

Mr. Courtney said yes, according to the original negotiation of the Franchise.....

Mr. Payne said yes, but that is not what he is asking about. He said Virginia Aviation had what he called a facilities lease; they had two leases, a lease for the fuel farm and a facilities lease. He said the facilities lease got renewed around the same time as this occurred and at that time we were negotiating with them to do the fuel farm lease renewal and Virginia Aviation had filed a lawsuit when Falwell Aviation filed for the Franchise and this was all kind of how it got caught up and how it all got worked out. He said Falwell's business model did not include a desire at that time to fuel airlines or military aircraft; they merely wanted to be an FBO and they wanted to do transient aircraft and take care of their own customers.

Mr. Christian ask how long they had left on their facilities lease.

Mr. Courtney said they had five years as of July 1, 2013 on the facilities lease and the fuel farm lease expired July 1, 2013.

Mr. Don Brown said that does not give them exclusive rights to fuel the airline which he thought was the bottom line.

Mr. Payne said they had exclusive rights because of the Franchise Agreement.

Mr. Lynch said he did not blame Freedom for wanting to get into this business, but it seemed to him that a deal had been struck and it ought to at least be extended through the duration of Virginia Aviation's facilities agreement. He said that was the deal.

Mr. Dodson said he thought that it should be just deferred to City Council.

Mr. Charles Nowlin said he thought we should go out and bid it.

Mr. Dodson said that was Mr. Nowlin's opinion, but as a former City Council member he listened to all the recommendations of the bodies and so did Mr. Hobbs, but City Council made a decision.

Mr. Hobbs said he thought it was incumbent upon this body to make a recommendation -- that was what City Council had the Commission for.

Mr. Lynch said a bargain had been struck and he did not feel that the Commission should be in the business of recommending that the bargain be arbitrarily changed by the airport or our City Council. He said he was a business man and whatever the legal technicalities were if you have a deal, you have a deal and you should not arbitrarily affect the rights and interests of one party in favor of another until the interests are expired which is why \_\_\_\_\_ hanging on to the facilities agreement somehow.

\_\_\_\_\_ said wasn't the deal struck down when they did not agree to the fuel farm.

Mr. Courtney said that has nothing to do with this provision.

\_\_\_\_\_ said they terminated the fuel farm agreement.... The City did that.

Mr. Courtney and Mr. Payne both said no, Freedom Aviation did that.

Mr. Hobbs said they had talked but they did not have a motion on the floor.

Mr. Christian said he would move that the Commission make a recommendation to City Council that it deny the request with respect to the fueling and the changing of the Franchise Agreement.

Mr. Charles Nowlin seconded the motion.

Mr. Hobbs asked if there was any more discussion.

Mr. Bert Dodson said he did not feel comfortable in the fact that there was no one there representing Virginia Aviation. He said Mr. Dave Young was there representing Freedom Aviation and they had asked him questions and he had given responses but Mr. Jimmy Walker was not there because he was in California. He said it would have been nice to ask some questions of Virginia Aviation ownership.

Mr. Hobbs said at this point there was a motion and a second. He said he was open to more discussion and he heard what Mr. Dodson was saying but that he did think that whatever it is that from his understanding from talking to numerous parties that if they want to hang a Phillips sign on your ramp and he did not think Virginia Aviation was going to oppose that and he did not think Phillips was going to oppose that but he could not say that for sure. He said that being said, was there any further discussion.

Mr. Brown said his thought was that it was nice to be on a level playing field; on the other hand it was not a level playing field if this was going to be starting the epitaph of Virginia Aviation which was the way he was feeling. He said if they take this business away from them, which he felt sure that Freedom had the opportunity to compete very forcefully with Virginia Aviation, that he had kind of had mixed emotions because he thought free enterprise was free enterprise; but, on the other hand, he was not sure that Freedom needed the airline sales. He said if it was going to keep the facilities open for Virginia Aviation, which does maintenance and other aeronautical business and hired people, then he was torn between those two thoughts. He said he would probably vote to not recommend it.

Mr. Hobbs once again said we have a motion and a second...

Mr. Christian said he would like to go on record for a level playing field, he said he did not see how this move could support a proposal for a non-level playing field. He said he thought the FBOs ought to compete themselves.

Mr. Hobbs said a contract is a contract. Granted, Freedom did not sign on to it but they bought into it, it expires in 5 years and then the whole world is up for grabs. There followed an in-depth discussion.

Mr. Hobbs again said, we have a motion and a second and ask if there was any further discussion.

Mr. Bert Dodson said one thing he was going to say and it was just his recommendation, whatever vote they took since the City Manager was abstaining from the vote and another member had already abstained, he thought whatever recommendation it was, he thought the Chairperson of the Commission should go to the Council meeting and answer any questions of any Council Members because he did not want to put the City Manager in an untenable position.

Mr. Christian said he would go one step further and also reveal to City Council what the vote was.

Mr. Hobbs said the motion was on the floor that the Commission was recommending that City County not change the existing franchise agreement. He said he would like to see a show of hands of those in favor of the motion not to recommend it. The motion was carried by a vote of 4 in favor, 3 opposed, 1 abstained, 1 absent.

Mr. Courtney said he had asked for guidance from the FAA regarding the issues related to this and he had not gotten a response yet but that was something that would also be passed along to City Council.

**(5) Consideration of a request by Freedom Aviation to expand its facilities by constructing a new 14,580 square-foot hangar addition and related infrastructure adjacent to its current facilities at LYH.**

Mr. Courtney said for quite some time now we had been in discussions from time-to-time with Freedom Aviation for possible expansion of their hangar facilities on the airport. They have proposed building on a site that is included on the Master Plan a new 14,580 square foot hangar facility. They have gone through the process, as outlined in the Minimum Standards, for putting in a letter proposal to the Commission, and he just wanted to emphasize that the Minimum Standards do require a number of items be included in their package when they submit it to him for consideration before it comes to the Commission. He noted he did waive a number of those things because they are a current tenant and that would just be redundant.

He said all of the main things that he needed had all been included in the package and their letter so the Commission could actually make a recommendation. He said he just wanted to add that the Commission is being asked to review their proposal and give him a recommendation as to moving forward with it. The minimum standards stipulate that once it is all submitted to him and he packaged it up and he accepted that it was complete enough, it comes to the Commission, they review it all and make a recommendation as far as that particular aeronautical activity and that type and that location etc., etc. and give a recommendation to move forward.

He said at that point he would then, in conjunction with the City Attorney's Office, develop a lease and negotiate a lease with the tenant and come to an agreement. The minimum standards do not require him to go back to Commission at that point but if the Commission's desire was that he go back and review that lease as negotiated before it goes to City Council, that is at the discretion of the Commission. There followed a general discussion.

Mr. Young ask if there were any questions he could answer.

Mr. Nowlin said he thought Mr. Young's letter with the outline said it all.

Mr. Young proceeded to further detail the issue and answer additional questions.

Mr. Hobbs asked Mr. Courtney if he needed a motion and Mr. Courtney replied that he did.

Mr. Christian moved that we recommend that we proceed with Liberty Aviation to negotiate a lease and proceed.

Mr. Hobbs asked for a second and the motion was seconded and unanimously accepted by all.

**(6) MISCELLANEOUS BUSINESS**

**A. Inquiries and/or comments by Commission Members.**

Mr. Hobbs asked if there were any inquiries or comments by Commission Members.

There were none.

**(7) REPORTS OF AIRPORT BUSINESSES**

Mr. Hobbs asked if there were any reports of airport businesses.

There were none.

**(8) HEARINGS OF CITIZENS UPON COMMISSION MATTERS**

Mr. Hobbs asked if there were any questions or comments from the citizens present.

There were none.

**(9) ADJOURNMENT**

There being no further business, the meeting was adjourned.

# Lynchburg Regional Airport Commission

Effective November 2013

AIR SERVICE UPDATE

**Summary** The number of daily departure seats is 300 and the daily departure frequency is 6 on most days.

<b>Carrier Profile</b>	<u>Airline</u>	<u>Destination</u>	<u>Departures</u>	<u>Seats</u>	<u>Equipment</u>
	US Airways	Charlotte	6	300	DH3/CRJ
<b>AIRPORT TOTAL:</b>			<b>6</b>	<b>300</b>	

**US Airways** During the month of November, there were six scheduled flights on weekdays, except for Mondays, when there were five flights. In order to serve the Thanksgiving holiday demand, two additional flights were added on Tuesday November 26 for a total of eight departures, and two additional flights were added on Saturday, November 30, for a total of seven departures.

<b>Destinations Served</b>	<u>Non-Stop</u>	<u>Departures</u>	<u>Total</u>
	Charlotte	6	6 (most days)

<b>Aircraft Types</b>	<u>Aircraft</u>	<u>No. of Departures/Day</u>
	DH8 Dash 8	0 Daily
	DH3 Dash 8-300	3 Daily
	CRJ	3 Daily

**LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR OCTOBER 2013**

## AIR TRAFFIC REPORT

	MONTH			YR TO DATE TOTALS		PERCENTAGE CHANGES			
	Oct-13	Sep-13	Oct-12	2013	2012	Oct-13 Sep-13	Oct-13 Oct-12	13 YTD 12 YTD	
ENPLANED PASSENGERS	7,150	6,124	7,202	64,731	65,682	16.8%	-0.7%	-1.4%	
DEPLANED PASSENGERS	7,162	6,155	7,086	65,486	66,255	16.4%	1.1%	-1.2%	
TOTAL PASSENGERS	14,312	12,279	14,288	130,217	131,937	16.6%	0.2%	-1.3%	
AIRCRAFT OPERATIONS (Landings and Takeoffs)									
Air Carrier	556	474	462	5,099	4,768	17.3%	20.3%	6.9%	
General Aviation	11,790	11,821	8,013	90,013	83,559	-0.3%	47.1%	7.7%	
Military	210	233	482	2,402	2,404	-9.9%	-56.4%	-0.1%	
Total	12,556	12,528	8,957	97,514	90,731	0.2%	40.2%	7.5%	

## AIR TRAFFIC REPORT

[illegible]

# LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR OCTOBER 2013

AIR TRAFFIC REPORT												
Revenue Passengers Only	MONTH			YEAR TO DATE TOTALS			PERCENTAGE CHANGES				PERCENT OF AIRPORT TOTAL	
	Oct-13	Sep-13	Oct-12	2013	2012		Oct-13 Sep-13	Oct-13 Oct-12	Oct-13 Sep-13	Oct-13 Oct-12	Oct-13	Oct-12
ENPLANED PASSENGERS												
US Airways Express - Piedmont	3,488	3,268	4,115	33,338	19,137		6.7%	-15.2%	6.7%	74.2%	48.8%	57.1%
US Airways Express - PSA	0	0	0	1,118	10,680		#DIV/0!	#DIV/0!	#DIV/0!	-89.5%	0.0%	0.0%
ACA - United Express	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
ASA - Delta Connection	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Allegheny	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Shuttle America	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Air Wisconsin	3,471	2,856	3,087	29,925	35,865		21.5%	12.4%	21.5%	-16.6%	48.5%	42.9%
Charter	191	0	0	350	-						2.7%	0.0%
Total	7,150	6,124	7,202	64,731	65,682		16.8%	-0.7%	16.8%	-1.4%	100.0%	100.0%
DEPLANED PASSENGERS												
US Airways Express - Piedmont	3,784	3,341	4,243	36,159	20,333		13.3%	-10.8%	13.3%	77.8%	52.8%	59.9%
US Airways Express - PSA	0	0	0	1,517	11,280		#DIV/0!	#DIV/0!	#DIV/0!	-86.6%	0.0%	0.0%
ACA - United Express	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
ASA - Delta Connection	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Allegheny	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Shuttle America	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Air Wisconsin	3,187	2,814	2,843	27,460	34,642		13.3%	12.1%	13.3%	-20.7%	44.5%	40.1%
Colgan Air	0	0	0	-	-							
Charter	191	0	0	350	-						2.7%	0.0%
Total	7,162	6,155	7,086	65,486	66,255		16.4%	1.1%	16.4%	-1.2%	100.0%	100.0%
TOTAL PASSENGERS												
US Airways Express - Piedmont	7,272	6,609	8,358	69,497	39,470		10.0%	-13.0%	10.0%	76.1%	50.8%	58.5%
US Airways Express - PSA	-	-	-	2,635	21,960		#DIV/0!	#DIV/0!	#DIV/0!	-88.0%	0.0%	0.0%
ACA - United Express	-	-	-	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
ASA - Delta Connection	-	-	-	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Allegheny	-	-	-	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Shuttle America	-	-	-	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Air Wisconsin	6,658	5,670	5,930	57,385	70,507		17.4%	12.3%	17.4%	-18.6%	46.5%	41.5%
Colgan Air	0	-	-	-	-							
Charter	382	-	-	700	-						2.7%	0.0%
Total	14,312	12,279	14,288	130,217	131,937		16.6%	0.2%	16.6%	-1.3%	100.0%	100.0%
AIR TRAFFIC REPORT												
NON-REVENUE PASSENGERS ONLY												
ENPLANED NON-REVENUE PASSENGERS	MONTH			YEAR TO DATE TOTALS			PERCENTAGE CHANGES				PERCENT OF AIRPORT TOTAL	
	Oct-13	Sep-13	Oct-12	2013	2012		Oct-13 Sep-13	Oct-13 Oct-12	Oct-13 Sep-13	Oct-13 Oct-12	Oct-13	Oct-12
ENPLANED NON-REVENUE PASSENGERS												
US Airways Express - Piedmont	75	111	84	896	456		-32.4%	-10.7%	-32.4%	96.5%	42.9%	55.3%
US Airways Express - PSA	0	0	0	32	306		#DIV/0!	#DIV/0!	#DIV/0!	-89.5%	0.0%	0.0%
ACA - United Express	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
ASA - Delta Connection	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Allegheny	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Shuttle America	0	0	0	-	-		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0%	0.0%
Air Wisconsin	100	71	68	796	1,061		40.8%	47.1%	40.8%	-25.0%	42.9%	55.3%
Total	175	182	152	1,724	1,823		-3.8%	15.1%	-3.8%	-5.4%	61.0%	55.3%

# LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR OCTOBER 2013

## AIR TRAFFIC REPORT NON-REVENUE PASSENGERS ONLY

	MONTH			YEAR TO DATE TOTALS			PERCENTAGE CHANGES				PERCENT OF AIRPORT TOTAL		
	Oct-13	Sep-13	Oct-12	2013	2012		Oct-13 Sep-13	Oct-13 Oct-12	Oct-13 13 YTD	12 YTD	Oct-13	Sep-13	Oct-12
DEPLAINED NON-REVENUE PASSENGERS													
USAirways Express - Piedmont	93	86	127	1,035	616		8.1%	-26.8%	68.0%		54.1%	44.6%	63.8%
USAirways Express - PSA	0	0	0	42	285		#DIV/0!	#DIV/0!	-85.3%		0.0%	0.0%	0.0%
ACA - United Express	0	0	0								0.0%	0.0%	0.0%
ASA - Delta Connection	0	0	0	-	0		#DIV/0!	#DIV/0!	#DIV/0!		0.0%	0.0%	0.0%
Allegheny	0	0	0								0.0%	0.0%	0.0%
Shuttle America	0	0	0								0.0%	0.0%	0.0%
Air Wisconsin	79	107	72	735	1,040		-26.2%	9.7%	-29.3%		45.9%	55.4%	36.2%
Total	172	193	199	1,812	1,941		-10.9%	-13.6%	-6.6%		100.0%	100.0%	100.0%
TOTAL NON-REVENUE PASSENGERS													
USAirways Express - Piedmont	168	197	211	1,931	1,072		-14.7%	-20.4%	80.1%		48.4%	52.5%	60.1%
USAirways Express - PSA	-	-	-	74	591		#DIV/0!	#DIV/0!	-87.5%		0.0%	0.0%	0.0%
ACA - United Express	-	-	-								0.0%	0.0%	0.0%
ASA - Delta Connection	-	-	-	-	-		#DIV/0!	#DIV/0!	#DIV/0!		0.0%	0.0%	0.0%
Allegheny	-	-	-								0.0%	0.0%	0.0%
Shuttle America	-	-	-								0.0%	0.0%	0.0%
Air Wisconsin	179	178	140	1,531	2,101		0.6%	27.9%	-27.1%		51.6%	47.5%	39.9%
Total	347	375	351	3,536	3,764		-7.5%	-1.1%	-6.1%		100.0%	100.0%	100.0%



## TRAFFIC STATISTICS FOR OCTOBER 2013

Aircraft Type	ASA				PIEDMONT				AIR WISCONSIN				ALLEGHENY				SHUTTLE AMERICA				PSA				TOTALS			
	Depart.	Avail. Seats	Pass. Enplan.	Load Factor	Depart.	Avail. Seats	Pass. Enplan.	Load Factor	Depart.	Avail. Seats	Pass. Enplan.	Load Factor	Depart.	Avail. Seats	Pass. Enplan.	Load Factor	Depart.	Avail. Seats	Pass. Enplan.	Load Factor	Depart.	Avail. Seats	Pass. Enplan.	Load Factor				
(J/I(76 SEAT)	-	-																										
Bombardier																												
H/C-8-200					-																							
H/C-8-300					91	4,550																						
H/C-8					2	74																						
J/R7	-	-																										
(J/I(50 SEAT)	-	-			-																							
Boeing 1900																												
Total	-	-	-	#DIV/0!	93	4,624	3,488	75.4%	81	4,050	3,471	85.7%	0	0	0	#DIV/0!	-	0	0	#####	174	8,674	6,959	80.2%				

ear-to- ate	ASA				PIEDMONT				AIR WISCONSIN				ALLEGHENY PASS				SHUTTLE AMERICA PASS				PSA				TOTALS			
	Depart .	Avail Seats	Pass Enplan.	Load Factor	Depart.	Avail Seats	Pass Enplan.	Load Factor	Depart.	Avail Seats	Pass Enplan.	Load Factor	Depart .	Avail Seats	Enplan .	Load Factor	Depart .	Avail Seats	Enplan.	Load Factor	Depart.	Avail Seats	Pass Enplan.	Load Factor	Depart.	Avail Seats	Pass Enplan.	Load Factor
MB-120	-	-																										
ornier																												
HIC-8-200					-																							
HIC-8-300					886	44,300																						
HIC-8					27	999			0	-	0																	
R7	-	-																										
RJ150 SEAT	-	-																										
EECH 1900																												
total	-	-	-	#DIV/0!	913	45,299	33,338	73.6%	722	36,100	29,925	82.9%	0	-	0	#DIV/0!	-	-	-	#####	35	1,937	1,118	57.7%	1,670	83,336	64,381	77.3%